

Message Text

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TO SECSTATE WASHDC 7312

INFO AMEMBASSY GUATEMALA

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AMEMBASSY SAN JOSE

AMEMBASSY SAN SALVADOR

C O N F I D E N T I A L TEGUCIGALPA 2447

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SUBJ: SOME THOUGHTS ON CA INTEGRATION

GUATEMALA FOR ROCAP

SUMMARY: THERE FOLLOWS TEXT OF SOME EMBASSY COMMENTS ON U.S. POLICY AND CA INTEGRATION, WHICH FORM SECTION SIX OF MEMO ON SAME SUBJECT WHICH IS BEING DISTRIBUTED AS EMBASSY A-61. AID DIRECTOR MARASCIULO CARRIED TEXT OF FIRST FIVE SECTIONS TO DEPARTMENT EARLIER. END SUMMARY

1. SECTION VI - FUTURE U.S. STRATEGY; SOME QUESTIONS. WE BELIEVE THAT THERE IS AN IMPERATIVE TO REASSESS U.S. STRATEGY AND INTERESTS IN CENTRAL AMERICA ON SEVERAL POINTS:

2. A) DOES THERE EXIST IN THE FIVE CAPITALS SUFFICIENT POLITICAL WILL AND THE GIVE-AND-TAKE CAPACITY TO COMPROMISE NATIONAL ADVANTAGES, TO PERMIT RESTRUCTURING THE MARKET?

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3. IN OUR JUDGEMENT EVIDENCE OF THIS CONTINUES TO BE

UNCERTAIN, AND IT IS OBVIOUS THAT FAR MORE IS INVOLVED THAN THE DEADLOCK OF THE HONDURAN/SALVADORAN DISPUTE, WHATEVER ITS CONVENIENCE AS A POINT OF BLAME. THERE ARE IN THE AREA STRONG INSENSITIVITIES TO THE INTERESTS OF OTHERS (E.G. THE GUATEMALAN REFUSAL TO ACT ON THE CA-7; EXTENSION), AS WELL AS CONSIDERABLE INDIFFERENCE AND APATHY TO ANY CHANGES IN THE STATUS QUO. THE FAILURE TO ACHIEVE A PRESIDENTIAL SUMMIT AT JALAPA IS SYMPTOMATIC. THE CONCEPT OF CACM SEEMS TO LACK ANY STRONG NATIONAL OR REGIONAL CONSTITUENCY.

4. B) IS REGIONAL INTEGRATION AMONG THESE UNDERDEVELOPED COUNTRIES GENUINELY VIABLE, OR IS CACM AN ABSTRACT CONSTRUCT BASED ON SO FAR UNREALIZABLE 19TH CENTURY POLITICAL IDEALS WEDDED TO ECONOMIC CONCEPTS DATING FROM THE 1950S. IS THERE A REALISTIC POSSIBILITY THAT CACM CAN BE SO ORDERED AS TO PROMOTE THE WELFARE OF A WIDE RANGE OF BENEFICIARIES WITHIN THE MEMBER COUNTRIES?

5. SO FAR THE ASPIRATIONS FOR CACM HAVE OUTFRONT ITS ACCOMPLISHMENTS. ITS ACHIEVEMENTS, HOWEVER REAL, HAVE TURNED OUT TO BE LIMITED, AND THERE HAS OCCURRED A CONTRACTION OF ITS EFFECTIVE INSTITUTIONAL UNDERPINNING INTO CABEI, SIECA, AND INCAE. EVEN SIECA FUNCTIONS HAVE BECOME INCREASINGLY VESTIGIAL. MOREOVER, SOME OF THE ACHIEVEMENTS, E.G. THE FORCED PACE OF INDUSTRIALIZATION, MUCH OF IT QUESTIONABLE, FAVORED ONLY NARROW STRATA OF THE TOTAL POPULATION AND DISADVANTAGED NOT ONLY ENTIRE NATIONAL GROUPS BUT MANY OF THE LOWER SOCIAL CLASSES. THE 19TH CENTURY DREAM OF POLITICAL UNITY WITHIN THE LIMITS OF THE CAPTAINCY GENERAL HAS PROVED TO BE IRRELEVANT.

6. FURTHERMORE, THE ECONOMIC DOCTRINES OF INDUSTRIAL AND REGIONAL INTEGRATION POPULARIZED IN THE 1950S OBTAINED EXPRESSION IN U.S. POLICY ATTITUDES SUPPORTING THE CACM. THESE DOCTRINES HAVE NOT BORNE THE FRUITS PROMISED. NEWER APPROACHES, SUCH AS THE SPECIFIC INTENT OF REACHING THE POOR, ARE DEVELOPING.

7. C) IF CACM CANNOT LIKELY SUCCEED AS A REGIONAL INTEGRATION IN DEPTH, ARE THERE AREAS IN WHICH SPECIFIC PROJECTS OF COOPERATION CAN BE CONTINUED, ELABORATED OR BEGUN?
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8. ONE OF THE MOST OBVIOUS AREAS WOULD BE IN WAYS OF COMMUNICATION, BUT THIS IS EXACTLY WHERE SOME OF THE WORST BLOCKAGES OCCUR AND RECUR, E.G. THE HONDURAN BLOCKADE OF THE PAN AMERICAN HIGHWAY, GUATEMALA'S STALLING ON CA-13, AND NATIONALISTIC TREATMENT OF FOREIGN TRUCKERS.

9. COMMODITY PRICE AND SUPPLY COORDINATION REGIONALLY COULD

PROVIDE POLITICALLY UNIFIED COOPERATION. YET OPPORTUNITIES WERE MISSED IN 1973 ON SUGAR WHICH HONDURAS NEEDED AND ON BEANS WHICH HONDURAS COULD HAVE SUPPLIED.

10. COOPERATION AMONG THE CACM COUNTRIES SHOWS PROVEN RESULTS AT LEVELS OTHER THAN THE ESTABLISHMENT OF REGIONAL INDUSTRIAL MONOPOLIES. POSITIVE FOR HONDURAS HAVE BEEN COOPERATION ON GENERAL ADMINISTRATION (INKCE), SPECIFIC SECTOR ADMINISTRATION SUCH AS CUSTOMS, REGIONAL ECONOMIC INFORMATION/COMMUNICATION (SIECA) AND FINANCIAL COOPERATION (CABEI).

11. DANGER ALSO EXISTS IN "PIE IN THE SKY" PROJECTS SUCH AS POLITICAL UNION AND INTEGRATED STEEL MILL PROPOSALS. REAL RETURN PROJECTS SEEM TO SUFFER BY COMPARISON WITH THE GRANDIOSE SCHEMES WHICH ALSO SIPHON OFF COOPERATIVE MOMENTUM. IF THE MENTIONED CACM INSTITUTIONS DID NOT EXIST, THEY WOULD HAVE TO BE CREATED; HOWEVER, THERE ARE CACM INSTITUTIONS WHICH ARE NOT ORIENTED TOWARD COOPERATION AND SHOULD BE CULLED UNDER RESTRUCTURING.

12. D) WHAT ARE U.S. INTERESTS TOWARDS CACM? WHAT NEW ACTIONS SHOULD WE TAKE?

13. BEFORE WE CAN DEFINE A POLICY TOWARDS ANOTHER ENTITY OR SCHEME, WE MUST ASSESS WHETHER WE ARE DEALING WITH WORKABLE REALITIES. SO FAR CACM IS ONLY A PARTIAL REALITY AS FAR AS HONDURAS IS CONCERNED, AND IT WAS NEVER MORE THAN THAT EVEN BEFORE THE 1969 WAR. IF A RESTRUCTURED CACM IS POWERLESS TO BE BORN, THEN THE USG CANNOT GESTATE IT. IF IT BEGINS TO SHOW SIGNS OF LIFE AND THE TIME COMES, THE USG CAN GIVE ALL DUE ASSISTANCE AND ENCOURAGEMENT AT THE DELIVERY. THIS DOES NOT APPEAR IMMINENT.

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14. THE AD HOC ARRANGEMENT OF THE HIGH LEVEL COMMITTEE APPEARS TO BE THE NEWEST HOPE FOR REINTEGRATION, BUT IT DOES NOT SEEM TO BE A VIABLE SUBSTITUTE FOR POLITICAL DECISIONS OR DISCUSSIONS (INCLUDING THE BORDER PROBLEM) WHICH WOULD TAKE PLACE AT A CHIEF OF STATE LEVEL. THE SUBORDINATES ARE BOUND TO BE NEGATIVELY AFFECTED BY THE RECENT FAILURE OF THE CHIEFS OF STATE TO MEET TOGETHER. AND THERE ARE INDICATIONS OF ESCALATION OF DEMANDS AND THE BEGINNINGS OF ULTIMATIVE DIPLOMACY IN THE CACM TALKS. THE EMBASSY CONSIDERS THAT OUR POLICY SHOULD BE ONE OF GENERALIZED ENCOURAGEMENT OF THE TALKS -- AT WHATEVER LEVEL -- BUT THAT WE SHOULD AVOID ENDORSEMENT OF PARTICULAR LINES OR PROPOSALS ADVANCED BY ONE COUNTRY OR GROUP OF COUNTRIES.

15. E) DOES A FUNCTIONING MARKET SERVE UNITED STATES POLITICAL

AND ECONOMIC INTERESTS AND IF SO WHAT NEW ACTIONS ARE WE GOING TO
TAKE OR SHOULD WE TAKE?

16. THERE IS LITTLE EVIDENCE GROWING OUT OF A SPECIFIC ANALYSIS
THAT THE UNITED STATES INTERESTS ARE BEING ACHIEVED BY THE CACM
INTEGRATION MOVEMENT. EVEN IF THIS HAD BEEN THE CASE IN THE
PAST, CONDITIONS HAVE ALTERED WITH GENERAL POLICY CHANGES ON THE
PART OF THE UNITED STATES, SPECIFICALLY IN THE AID DONOR ROLE
AIMED AT REACHING THE RURAL POOR AS OPPOSED TO INDUSTRIALIZATION,
WHICH WAS THE PRIME FOCUS OF THE CACM. INsofar AS HONDURAS
IS CONCERNED OUR SUPPORT OF CACM SERVED TO FOSTER A CLOSED HONDURAN
ECONOMY OF DOUBTFUL VALUE TO U.S. TRADE INTERESTS WITH
SUBSTITUTE GOODS COMING FROM NEIGHBORING COUNTRIES AT HIGHER
PRICES AND LOWER QUALITY.
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